

The Resource Curse Hypothesis: Relevance to the Nigerian Economy

Authors : Modupeoluwa Solawon, Folusho Oluwole

Abstract : The resource curse hypothesis is a widely discussed topic that suggests despite expectations of boosting economic development and improving the well-being of citizens, natural resource wealth in a country can lead to negative outcomes. The study focused on crude oil price, crude oil production, the pump price of petrol, agricultural production, and natural resources rent in Nigeria to determine the possible curse of these resources. The study also looked into the well-being of the citizens by employing gross domestic product per capita. The data used for the study were drawn from the World Bank Data Indicators in 2022, limited to annual data from 1981 to 2022, using the autoregressive distributed lag (ARDL) as the main estimation technique. The findings of the study revealed that natural resource rent influenced the GDP per capita detrimentally, indicating that natural resource rent has not led to better welfare for Nigerians. This effect could likely be a result of corruption in the system, causing the inability of the rents to promote better welfare in Nigeria. In conclusion, the study recommends reducing the cost of living in Nigeria and making productive use of revenues generated from its natural resources.

Keywords : ARDL, corruption, natural resources, resource curse hypothesis

Conference Title : ICEAFS 2025 : International Conference on Economic and Financial Sciences

Conference Location : Washington, United States

Conference Dates : February 24-25, 2025